



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

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The grain and oilseed markets proved once again on Wednesday that they are all firmly stuck in the winter doldrums. Markets are up one day and down the next and for the most part, nothing is moving in any clear cut direction except sideways. Soybeans and wheat settled lower. The corn market was able to close mildly higher.

Looking down the barrel of US and World grain and oilseed supply projections, there are adequate to surplus supplies of all three principal crops. In the case of soybeans and wheat the numbers are surplus. US stocks of corn I would only consider comfortable. 440 mln for US soybean ending stocks is big, but you have to keep in mind over the last several years they have started out big and been trimmed from larger than expected usage as time progressed. There's no way to tell at the moment if that will be the case again this year. A lot is going to depend on the size and availability of the South American bean crop. Size is going to be big regardless. Thankfully we've seen Brazil only crop estimates that were north of 100 mmt's, trimmed to sub-100 numbers by most due to mild weather problems so far. Anything remotely close to 100 is enormous though...

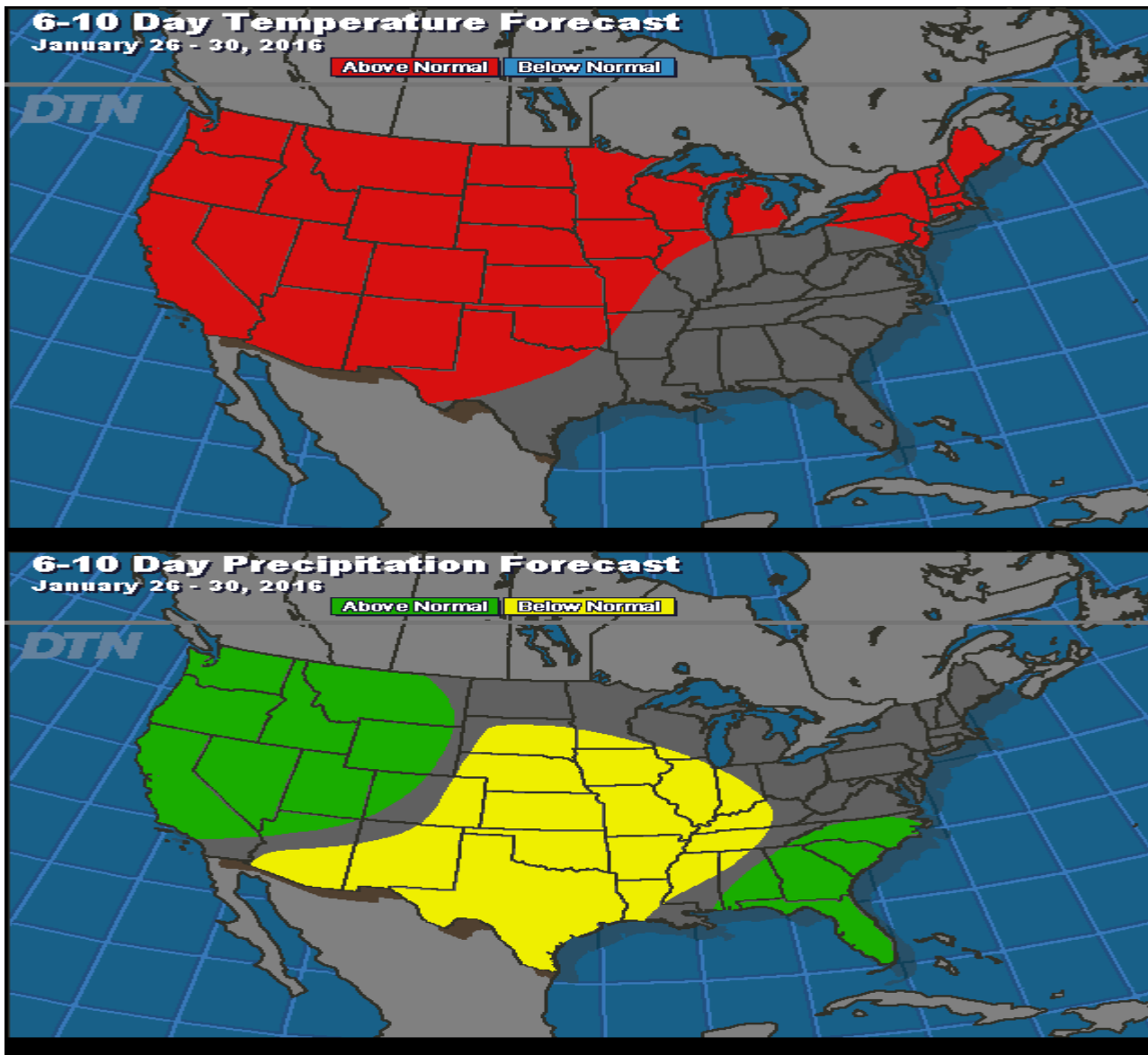
Unfortunately for the farmer, the path of least resistance for grain and oilseeds is lower, which would explain why all three markets are still at or very close to contract lows.

The International Grains Council put out global grain S&D projections, pegging total grain stocks to be the largest in 29 years. They raised their global wheat production estimate from 726 mmt's previously, up to 731 mmt's. Total grain production was lowered from their previous estimate slightly due to reductions in South Africa and India's corn output. Consumption was pegged at the 2nd largest on record, missing out on first place due to reduced demand guesses for animal feeding. Before you get too caught up in the bearishness of predictions like this though, keep in mind it only takes one short crop in a major producing country to potentially dramatically change this S&D picture.

Export sales are delayed until tomorrow this week due to Monday's holiday.

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Pete Loewen

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

peteloewen@cox.net

866 341 6700

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